

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0637-01
Bill No.: HB 156
Subject: Public Assistance; Gambling; Social Services Department
Type: Original
Date: March 11, 2013

Bill Summary: This proposal specifies that a recipient of Temporary Assistance for Needy Families benefits who make an electronic benefit transaction at any casino or gaming establishment will be ineligible for benefits for three years.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Unknown income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state Section 208.032 of this proposal duplicates federal law found at 42 U.S.C. 608(a)(12).

Section 208.031 would require the FSD put into place a process for sanctions to be imposed if a Missouri cardholder makes a successful ATM withdrawal at any of these locations: "any casino, gambling casino, or gaming establishment." Currently, electronic benefit transfer (EBT) transactions at ATM's are voluntarily blocked by Missouri casinos. It is unknown how many casinos in other states voluntarily block EBT transactions at ATM's in their facilities. Many states that border Missouri have casinos close to the Missouri border. It is unknown how many other gaming establishments there are in Missouri that are not casinos, but have gambling activities. In addition, it is unknown if these establishments currently block, or would be willing to block, EBT transactions at ATM's in their facilities. As a result, the FSD is unable to determine how many sanctions would be imposed for successful transactions in these establishments. There will be administrative costs associated to any hearings resulting from this violation. Those costs will be addressed in the Division of Legal Services fiscal note.

Section 208.032 requires policies and procedures to be developed and set forth to ensure Temporary Assistance for Needy Families (TANF) benefits are not used at liquor stores, casinos, gambling casinos, gambling establishments or retail establishments that provide adult-oriented entertainment which do not include grocery stores that may be located within the same building or complex.

It is unclear if the FSD will have costs associated with implementing section 208.032. The passing of HR 3630 (2012) at the federal level does not establish whom costs would fall on in association with ensuring TANF benefits are not used at any of these establishments.

Preliminary discussions with the current EBT vendor leads the FSD to believe that there will be difficulty in restricting the use of automated teller machines (ATM) that are in and around these establishments.

Possible obstacles include:

- Most ATMs are owned by banks or other financial institutions, as opposed to being owned by a casino or gaming establishment. Therefore, matching the ownership of the ATM with the business location will be nearly impossible;
- Matching the ATM address with the Casino address will not always produce reliable results. The ATM could be located at an adjoining or nearby hotel, restaurant, or service station; and,

ASSUMPTION (continued)

- Any method to match up the names and addresses of ATMs and casinos (or other gaming establishments) will require a good deal of manual effort. In addition, the ATMs do not always stay in the same places.

Since the federal law found at 42 U.S.C. 608(a)(12) passed in 2012, the Department of Health and Human Services has not provided guidance to states on the implementation of this law. Therefore, the impact to the FSD is unknown.

Implementation of policy and procedures to prevent use of TANF benefits at liquor stores, casinos, gambling casinos, gaming establishments, or retail establishments that provide adult-oriented entertainment can be developed with current staff.

Officials from the **DSS - Division of Legal Services (DLS)** state the proposal would require the Family Support Division (FSD) to put into place a process for sanctions to be imposed if a Missouri cardholder makes a successful ATM withdrawal at any of these locations: "any casino, gambling casino, or gaming establishment." Recently, Congress passed the Middle Class Tax Relief and Job Creation Act of 2012 which prevents states from allowing unauthorized spending at these types of establishments as well. [Codified in 42 U.S.C. § 608(a)(12)(A)].

The DLS anticipates there will be additional administrative hearings due to the requirements of this proposal. However, it is not possible to estimate the number of such hearings because it is not possible to determine the number of individuals who will request such a hearing. Therefore, DLS cannot estimate the potential fiscal impact.

The FSD is unable to determine if any individuals receiving TANF have been able to successfully use an ATM to make a cash withdrawal at any casino, gambling casino or gaming establishment. Therefore, DLS has no accurate data upon which to base a calculation. Currently, electronic benefit transfer (EBT) transactions at ATM's are voluntarily blocked by Missouri casinos. Another complication is that there is no reliable way to determine exactly where the ATMs are located. Most ATMs are owned by banks or other financial institutions, as opposed to being owned by a casino or gaming establishment. Therefore, matching the ownership of the ATM with the business location is difficult to ascertain.

DLS believes that it will take approximately two hours to conduct each hearing required by this proposal. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. DLS assumes that its hearing officers can hold approximately 900 hearings per year. The hearings should not require complex evidence or facts and the cases should not require the presence of a DLS litigation attorney. Therefore, once the number of potential hearings can be estimated it will be possible to determine the fiscal impact.

ASSUMPTION (continued)

Oversight assumes since the DLS cannot determine the number of potential hearings that it might be required to hold as a result of this proposal, the DLS can request additional staff and resources through the appropriations process if the number of hearings become sufficiently large enough to warrant additional funding.

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD) - DSS** provide the following:

§ 208.031 - Ineligibility for TANF benefits resulting from withdrawing funds at gambling establishments:

The Family Assistance Management Information System (FAMIS) would need to add a sanction code for Temporary Assistance for Needy Families (TANF) recipients and change one program to look for this code and an expiration date.

Assumptions

- ITSD Staff will make all the changes;
- Current rate for ITSD staff averages \$63.04 per hour; and,
- TANF is charged at 100% General Revenue.

Estimate

20 hours	Analysis
40 hours	Modify Program Module to look for new sanction code
40 hours	Modify Screen to accept new sanction code
<u>40 hours</u>	Testing
140 hours	

Total Cost: 140 hours X \$63.04/hr = \$ 8,826 (rounded).

Oversight assumes OA-ITSD-DSS is given core funding to perform a certain amount of system modifications and assumes the modifications required by this proposal can be absorbed within current funding levels.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet

ASSUMPTION (continued)

these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Public Safety - Missouri Gaming Commission (GAM)** state this legislation provides that Temporary Assistance for Needy Families (TANF) recipients cannot use their electronic benefit transaction (EBT) cards to obtain cash from gambling establishment ATMs. Casinos in Missouri already block these types of transactions; therefore, there is no fiscal impact on the operations of the GAM, the Gaming Fund (0286), or to the Gaming Proceeds for Education Fund (0285).

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of Administration - Administrative Hearing Commission** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS-FSD</u>			
Implementation of policies and procedures developed (§208.032)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS			
<u>Income</u> - DSS-FSD			
Reimbursement for implementation costs (§208.032)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Costs</u> - DSS-FSD			
Implementation costs (§208.032)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could negatively impact small retail businesses that provide items TANF funds can no longer be used to purchase.

FISCAL DESCRIPTION

This proposal specifies that a recipient of state Temporary Assistance for Needy Families (TANF) benefits who is found to have made a cash withdrawal at any casino, gambling casino, or gaming establishment using an electronic benefit transfer transaction, after an administrative hearing conducted by the Department of Social Services, must be declared ineligible for benefits for three years from the date of the administrative hearing decision. Other members of the household who remain eligible must continue to receive TANF benefits as protective or vendor payments to a third-party payee. Any person who, in good faith, reports a suspected violation cannot be held civilly or criminally liable.

The department is required to implement and maintain policies and practices that prevent a TANF electronic benefit transaction in any liquor store, casino, gambling casino, gambling establishment, or any retail establishment that provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment. The policies and practices implemented by the department must ensure that recipients have access to using or withdrawing

FISCAL DESCRIPTION (continued)

assistance with minimal or no fees and charges. The department must ensure that the recipient has adequate information on applicable fees and charges that apply to the electronic fund transactions involving assistance and ensure that information is publicly available.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -
 Administrative Hearing Commission
 Information Services Technology Division, Department of Social Services
Department of Social Services -
 Division of Legal Services
 Family Services Division
Department of Public Safety -
 Missouri Gaming Commission
Joint Committee on Administrative Rules
Office of Secretary of State



Ross Strope
Acting Director
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